

PAY ADMINISTRATION

1. REASON FOR ISSUE: To incorporate an existing Department of Veterans Affairs (VA) procedure regarding tour differential pay that was inadvertently omitted from previous publication of this handbook and to revise procedures related to specialty schedules under the Locality Pay System.

2. SUMMARY OF CONTENTS/MAJOR CHANGES: This handbook contains mandatory VA procedures on pay administration. The pages in this issuance replace the corresponding page numbers in VA Handbook 5007. These changes will be incorporated into the electronic version of VA Handbook 5007 that is maintained on the [Office of Human Resources Management website](#). Significant changes include:

- a. Adds information regarding tour differential pay for periods of leave that was inadvertently omitted from initial publication.
- b. Removes the prohibition on establishing specialty schedules for head nurses.
- c. Provides instructions for constructing head nurse specialty schedules.

3. RESPONSIBLE OFFICE: The Human Resources Management Programs and Policies Service (051), Office of the Deputy Assistant Secretary for Human Resources Management.

4. RELATED DIRECTIVES: VA Directive 5007, "Pay Administration."

5. RESCISSIONS: None.

CERTIFIED BY:

**BY DIRECTION OF THE SECRETARY
OF VETERANS AFFAIRS**

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**CHAPTER 6. OTHER FORMS OF ADDITIONAL PAY
(SUNDAY PAY, NIGHT DIFFERENTIAL, WEEKEND PAY)****1. OTHER FORMS OF PREMIUM PAY FOR EMPLOYEES APPOINTED UNDER 38 U.S.C. 7401(1)**

a. **Tour Differential Pay.** A nurse, PA or EFDA who performs service on a tour of duty within the period commencing at 6 p.m. and ending at 6 a.m. shall receive additional pay for each hour of service on such tour provided 4 or more hours of the tour fall between 6 p.m. and 6 a.m. When fewer than 4 hours fall between 6 p.m. and 6 a.m., a nurse, PA or EFDA shall receive differential pay for each hour of service performed between these hours only. A nurse, PA or EFDA shall receive tour differential at the rate of 10 percent of their basic hourly rate of pay, unless a higher tour differential is authorized under chapter 4 of this part.

[(1) When on annual or sick leave, a nurse, PA or EFDA shall be entitled to tour differential pay otherwise appropriate, provided the total amount of such leave in a pay period is fewer than 8 hours.

(2) When not required to perform service on a scheduled tour because of a holiday or the day observed as a holiday, a nurse, PA or EFDA shall be entitled to tour differential pay otherwise appropriate.]

b. **Weekend Pay (Premium Pay for Service on Saturday or Sunday).** A nurse, PA or EFDA who performs service on a tour, any part of which is between midnight Friday and midnight Sunday, shall receive premium pay for each hour of service on such tour. Premium pay for service under this subparagraph is equal to 25 percent of the employee's basic hourly rate of pay unless a higher rate is approved under chapter 4 of this part.

c. **Holiday Pay**

(1) A nurse, PA or EFDA with a 40-hour basic workweek who performs service on a holiday designated by Federal statute or Executive order shall receive, for non-overtime service, additional pay at a rate equal to the employee's basic hourly rate of pay. This shall be the applicable rate for holiday pay unless a higher rate is authorized under chapter 4 of this part. When the basic workweek of a nurse, PA or EFDA includes portions of 2 tours on a holiday, the tour that commences on the holiday shall be treated as the holiday for pay and leave purposes. When assigned to duty on a holiday, a nurse, PA or EFDA shall receive a minimum of 2 hours of holiday pay.

(2) A full-time nurse on the Baylor Plan shall only receive holiday pay for non-overtime holiday service performed outside the nurse's 24-hour basic workweek.

2. OTHER FORMS OF PREMIUM PAY FOR EMPLOYEES APPOINTED UNDER 38 U.S.C. 7405

a. **Part-Time or Intermittent Nurses, PAs, and EFDAs.** In addition to basic pay, a part-time or intermittent nurse, PA or EFDA shall receive additional pay on the same basis as that for a full-time employee, except as indicated below:

b. **Holiday Pay.** A part-time nurse shall be entitled to holiday pay only for service performed on the actual calendar holiday. A part-time nurse, PA or EFDA may be excused for a holiday which occurs within such employee's regularly scheduled tour of duty.

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c. **Graduate Nurses and Nurses Pending Graduation.** Graduate nurses and nurses pending graduation shall receive additional pay on the same basis as outlined above for registered nurses. Compensatory time off in lieu of regular and irregular or occasional overtime may be authorized.

d. **Student Nurse Technicians.** Student nurse technicians will be paid their regular straight time base rate, but will not receive any additional premium pay, by reason of working on a legal holiday, on Sunday, or at night. These technicians will receive their regular straight time pay for time off if relieved or prevented from working solely by the occurrence of a legal holiday. No compensation will be paid these trainees by reason of working overtime; however, they may be granted equivalent time off for service in excess of 8 hours in a day or 40 hours in a week.

e. **Pay for Graduate Practical Nurses, Graduate Vocational Nurses, Graduate Physical Therapists, Graduate Occupational Therapists, and Graduate Pharmacists.** Employees shall receive premium pay in accordance with chapter 55 of title 5, U.S.C., and the Fair Labor Standards Act, unless their positions meet one of the applicable exemptions contained in 5 CFR 551, subpart B.

f. **Medical Support Personnel Appointed Under 38 U.S.C. 7405(a)(1)(D).** These personnel are entitled to premium pay under title 5, United States Code, chapter 55. They are also covered by the minimum wage and overtime provisions of the FLSA, unless the position meets one of the applicable professional, administrative or supervisory exemptions contained in 5 CFR 551, subpart B. FLSA coverage determinations for employees compensated under this paragraph will be consistent with coverage determination made for employees in the competitive service. Premium payments are also to be based on the rate of basic pay computed under 5 U.S.C. 5504 or 5 CFR, part 551, as applicable. They shall receive any applicable non-foreign cost-of-living allowance and post differential (see part VIII, chapter 11 of this handbook).

g. **Trainees and Students Appointed Under 38 U.S.C. 7405(a)(1)(D)**

(1) Per annum basis trainees will be paid their regular straight time base rate, but will not receive any additional premium pay, by reason of working on a legal holiday, on Sunday, or at night. These trainees will receive their regular straight time pay for time off if relieved or prevented from working solely by the occurrence of a legal holiday. No compensation will be paid these trainees by reason of working overtime; however, they may be granted equivalent time off for service in excess of 8 hours in a day or 40 hours in a week.

(2) Summer students will be paid their regular straight-time base rate, but will not receive any additional premium pay by reason of working on a legal holiday, on Sunday, or at night. These students will receive their regular straight time pay for time off if relieved or prevented from working solely by the occurrence of a legal holiday. No compensation will be paid these students by reason of working overtime; however, they may be granted equivalent time off for service in excess of 8 hours in a day or 40 hours in a week.

PAY ADMINISTRATION

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7. SPECIALTY SCHEDULES. A separate salary schedule may be established for any nurse category, [] by conducting a survey of pay rates for the corresponding specialty in the LLMA. These specialty areas include but are not limited to operating room nurse, nurse practitioner, critical care nurse, administrative nurse, [] clinical nurse specialist[, and head nurse. **NOTE:** *Instructions for constructing specialty schedules for head nurses are contained in chapter 3, paragraph 2a(6). All pay administration policies applicable to head nurses (see part III, chapter 8) also apply to head nurses assigned to a specialty schedule.*] Employees will be paid as follows:

a. **Approval of Specialty Schedule.** Employees reassigned to a specialty schedule must receive the corresponding rate for the grade and step held on the day before the effective date. If the employee is at a step on an extended rate range that does not exist on the specialty schedule, the employee will be placed at the maximum step of the grade on the specialty schedule and be granted pay retention under part III, chapter 6, paragraph 6 if his or her existing basic pay rate exceeds the maximum rate on the specialty schedule. If such an employee is subsequently reassigned to a schedule with a greater rate range, the employee may be placed at the corresponding rate for the grade and step held on the day before the effective date or may be adjusted up to the highest previous step held. They do not automatically get placed at the maximum step of the grade even if pay retention is terminating. [Individuals newly placed in a head nurse assignment for which a specialty schedule applies will also receive a two-step adjustment for serving in the head nurse assignment.]

b. **Termination of Specialty Schedule.** If the Director determines a specialty schedule is no longer necessary for recruitment and retention purposes and terminates the schedule, affected employees will be placed at the lowest step of the corresponding grade on the regular staff nurse schedule that equals or exceeds their existing rate of pay. If the employee was receiving a rate of pay in excess of the maximum rate of the grade on the regular staff nurse schedule, the employee will be placed on pay retention under part III, chapter 6, paragraph 6.

c. **Voluntary Reassignment.** Employees receiving pay under this paragraph who are voluntarily reassigned must receive the corresponding rate for the grade and step held on the day before the effective date and are not eligible for pay retention. If the employee had been placed at a lower step or given pay retention upon assignment to the specialty schedule because their step did not exist on the specialty schedule, the employee may be adjusted up to the highest previous step held (see subparagraph a above). They do not automatically receive the maximum step of the grade even if pay retention is terminating. [Head nurses who are reassigned to another position also lose the additional two steps for the head nurse assignment.]

d. **Involuntary Reassignment.** If the reassignment of an employee from an assignment covered by a specialty schedule is directed for reasons other than cause, the affected employee will be placed at the lowest step of the corresponding grade on the applicable schedule that equals or exceeds their existing rate of pay. If the employee was receiving a rate of pay in excess of the maximum rate of the grade on the new schedule, the employee will be placed on pay retention under part III, chapter 6, paragraph 6. [Head nurses who are reassigned to another position also lose the additional two steps for the head nurse assignment.]

PART X

CHAPTER 1

8. COORDINATION. Successful implementation of the LPS requires close coordination between facilities in the same or overlapping LLMAs, as well as between facilities and their outpatient clinics. This includes coordination of the following items:

- a. Higher rates of pay for specialized skills approved under part III, chapter 8;
- b. Purchase or use of third-party salary survey data under paragraph 4c or d of this chapter, including determining applicability of such data and pay setting determinations.
- c. Surveys conducted under chapter 2, VA-Conducted Surveys, including establishing LLMAs, appointing data collectors, conducting surveys, implementing locality pay adjustments, and completing these tasks for satellite outpatient clinics;
- d. Salary schedule construction under chapter 3, Salary Schedule Construction and Implementation; and
- e. Exceptions to the 133 percent rate range under chapter 4, Exceptions to the 133 Percent Rate Range.

9. EFFECTIVE DATES. Authorizations (e.g., higher rates for specialized skills, expansion of the rate range, general pay adjustments) will be effective on the first day of a pay period. All reductions and terminations of authorizations will be effective on the last day of a pay period, unless they occur simultaneously with a change in beginning rates; then the effective date is the first day of the following pay period.

10. POST AUDIT AND CORRECTIVE ACTION. Actions taken under this part may be post audited by VA Central Office, and corrective action may be directed to ensure compliance with the law and this Handbook's provisions.

2. Use the transaction or actual starting salary survey data to set the rate for the step determined in subparagraph 1 above.

3. Back down to the appropriate beginning rate by dividing the average salary rate as shown in the chart in subparagraph (b) above.

4. Example: The average step for VA hires in the grade during the past 12 months is step 5. The average actual starting rate paid in the community for the equivalent grade is \$41,825. Step 1 of the grade is set at \$37,344 (\$41,825 divided by 1.12).

NOTE: *The use of transaction rates or actual starting salaries of incumbents is discouraged due to the difficulty in determining equivalent levels of experience in VA. It is also of limited value if the number of transactions is insufficient to support a reasonable projection.*

(e) **Using Published Minimum Rates or Actual Minimum Rates.** Use the published minimum or actual minimum rates from the survey to set the step 1 rate for the equivalent VA grade.

(f) **Using Salary Survey Data that Match More Than One VA Grade**

1. When it is determined that a surveyed position matches more than one VA grade equally, the available salary data may be used to extrapolate beginning rates for each grade matched.

2. Example: The descriptions of the positions(s) matched equate to both the VA Nurse I and Nurse II grades equally. Mid-point salary data are available. In order to have the mid-point of the two grades reflect the survey data, Step 1 of Nurse I is set by dividing the average mid-point salary rate paid in the community by 1.33. The Step 1 rate of the Nurse II grade is then set based on the minimum differential requirements contained in paragraph 3 of this chapter.

3. Example: The descriptions of the position(s) matched equate to both Nurse I and Nurse II equally. Only maximum salary data are available. Step 1 of the Nurse II grade is set by dividing the average maximum salary rate paid in the community by 1.33 (add .03 to the divisor for each step in an extended rate range). The Step 1 rate of the Nurse I grade is then set by dividing the new Nurse II Step 1 rate by 1.09.

(3) Some facilities are located in outlying towns and suburbs of a Metropolitan Statistical Area (MSA) or a Primary Metropolitan Statistical Area (PMSA) and are, therefore, included in the same LLMA as facilities in the more urban area of that MSA or PMSA. Directors of such outlying facilities will normally set the beginning rate for each grade at an amount deemed competitive with the available salary data of that facility's nearest (geographically) principal competitors (see subparagraph 3b(2)(a)2 of chapter 2 for survey instructions). When submitting a new schedule, the facility Director must provide written documentation of which establishments are the nearest principal competitors and justify decisions to set the rates based on survey information from the more urban establishments. Such decisions will be based on the location of other direct competitors, geographical features of the area, transportation facilities for employees, and commuting patterns of VA employees.

(4) In no instance shall the rate of a VA grade, or level in a grade, for which survey data were collected, be adjusted to an amount that exceeds the highest comparable rate for corresponding non-VA positions in the LLMA.

PART X

CHAPTER 3

(5) In Alaska and Hawaii, where the Office of Personnel Management has approved a non-foreign cost-of-living allowance (COLA) under 5 U.S.C. 5941, facility directors are to set the rate of a grade or level so that the sum of the rate and the COLA meet the criteria in the [subparagraphs (1) through (4) above and subparagraphs (6) and (7) below].

[(6) When establishing or adjusting a specialty schedule for head nurses, facility directors are to set the rate of a grade or level so that the sum of the rate and the two-step head nurse differential meet the criteria in the subparagraphs (1) through (5) above and subparagraph (7) below.

(7)] In no instance shall the beginning rate of a VA grade be reduced.

b. When Non-VA Salary Data are Not Available for a Grade or Level of the Grade. If data are not available for a grade or level within the grade, facility directors shall set the beginning rate for that grade using the following options:

(1) Set the beginning rate up to an amount that maintains the existing ratio (percent difference) between that grade and the next higher grade.

(a) Example: The existing Step 1 rate for Nurse II is \$35,752 and the existing Step 1 rate for Nurse III is \$43,179 (a difference/ratio of 1.21). Based on salary survey data, the Step 1 rate for Nurse II is being adjusted to \$38,943. No salary survey data are available for Nurse III. Using this option, the Step 1 rate for Nurse III may be set up to \$47,121 ($38,943 \times 1.21$).

(b) Example: The existing Step 1 rate for Nurse IV is \$57,253 and the existing Step 1 rate for Nurse V is \$78,129 (a difference/ratio of 1.36). Based on salary survey data, the Step 1 rate for Nurse IV is being adjusted to \$61,069. No salary survey data are available for Nurse V. Using this option, the Step 1 rate for Nurse V may be set up to \$83,054 ($61,069 \times 1.36$).

(2) Continue the existing regular or special rate for the beginning step for the grade, provided the beginning rates remain consistent with the minimum differential requirements in paragraph 3.

(3) When necessary to recruit or retain well qualified employees, the facility Director may adjust the following:

(a) Either the beginning rate for Nurse I or the beginning rate for the levels within Nurse I to provide a three-step differential between them;

(b) The beginning rate of Nurse II, Nurse III, Nurse IV, and Nurse V up to the seventh step of the next lower grade; or

(c) The beginning rate of Nurse I so that the beginning rate for Nurse II will fall in the range from the fourth through the seventh step of Nurse I.

c. Documentation. The rationale for determining how the beginning rate for each grade and level in the grade, where appropriate, is set under this paragraph shall be submitted with approved schedules.

- 19. Job Acceptance Rate.** The job acceptance rate is the gains divided by job offers.
- 20. Job Offers.** Job offers are the FTE of offers of employment in the occupation or specialty during the reporting period made to internal and external candidates.
- 21. Level.** For Nurse I for registered nurses and nurse anesthetists, the grade recognizes employees with higher qualifications. Employees in a higher level in the grade are placed at or above the first step of the level based on the possession of these higher qualifications.
- 22. Local Labor Market Area (LLMA).** The LLMA is the geographic area in which LPS surveys are conducted.
- 23. Locality Pay Schedule.** The Locality Pay Schedule is a pay schedule established based on a survey of pay rates for corresponding non-VA health care positions in the LLMA. Locality pay schedules will be constructed using chapter 3, Salary Schedule Construction and Implementation, and may be established for any covered occupation, or any specialty, assignment and/or category of assignments within the covered occupation (e.g., nurse anesthetist, RN, operating room nurse, critical care nurse, administrative nurse[, head nurse], nurse practitioner, clinical nurse specialist).
- 24. Losses.** In an occupation or specialty, the FTE of losses during the reporting period, for any reason, which resulted in a recruitment action except reduction in ceiling is termed "losses."
- 25. Metropolitan Statistical Area (MSA).** For a definition and list of MSAs, refer to the most current Statistical Abstract of the United States which is published annually by the United States Department of Commerce.
- 26. Nurse.** An RN who meets the basic requirements for appointment under the qualification standard in VA Handbook 5005. This includes the Chief Consultant, Nursing Strategic Healthcare Group, the Director, Nursing Service, and VHA Central Office or VISN Nurses, but does not include nurse anesthetists.
- 27. Nurse Anesthetist.** A Nurse Anesthetist is an individual who meets the basic requirements for appointment under the qualification standard in VA Handbook 5005.
- 28. Nurse Executive.** A nurse executive is the Chief of Nursing Service or equivalent position that represents the highest ranking nurse management position at a facility.
- 29. On-Board.** On-board means the total FTE of employees in the occupation or specialty on the facility's rolls on the beginning or ending date of the reporting period.
- 30. Periodic Step Increase (PSI).** PSI is an advancement from a step of a grade to the next higher step of that grade based upon completing the required waiting period (see part III, chapter 5, paragraph 1c) and meeting the criteria for advancement in VA Handbook 5005.

PART X

APPENDIX A

[31.] **Quits for Pay.** The FTE of employees in the occupation or specialty who voluntarily resigned for pay reasons during the reporting period. A quit for pay only occurs when the employee resigns to take a higher rate of pay for a corresponding non-VA position in the same LLMA.

[32.] **Quit for Pay Rate (Annual).** Divide quits for pay by the average on-board to determine the quit for pay rate for the reporting period. Multiplying this figure by the quotient of 12 divided by the number of months in the reporting period will provide the annual quit for pay rate.

[33.] **Special Salary Rate.** A special salary rate is a step on a special salary rate range.

[34.] **Special Salary Rate Range.** An increase in the minimum, intermediate, and maximum rates of basic pay for a grade, i.e., an increase in all step rates for the grade. A special salary rate range may be authorized under 5 U.S.C. 5303 or 38 U.S.C. 7455.

[35.] **Staffing Success Rate.** The gains divided by tried to fill (see item 41).

[36.] **State.** Any State, Territory or Commonwealth of the United States (i.e., Puerto Rico), and the District of Columbia.

[37.] **Survey Establishment.** An establishment in the LLMA that is selected to be surveyed.

[38.] **Survey Sample.** All establishments selected for survey in an LLMA.

[39.] **Survey Summary.** A report of the results of a survey.

[40.] **Survey Universe.** All establishments in the LLMA.

[41.] **Tried to Fill.** The FTE of positions in the occupation or specialty the facility tried to fill during the reporting period. It consists of the FTE of vacancies at the beginning of the reporting period, plus losses, plus or minus any ceiling changes during the reporting period.

[42.] **Turnover Rate (Annual).** Divide losses by the average on-board to determine turnover rate for the reporting period. Multiplying this figure by the quotient of 12 divided by the number of months in the reporting period will provide the annual turnover rate.

[43.] **Vacancy Rate (Beginning).** The FTE of vacancies in the occupation or specialty at the beginning of the reporting period divided by the ceiling for the occupation or specialty at the beginning of the reporting period.

[44.] **Vacancy Rate (Ending).** The FTE of vacancies in the occupation or specialty at the end of the reporting period divided by the ceiling for the occupation or specialty at the end of the reporting period.